



A key to a
successful tax
practice

Enrolled Agents

Federally Licensed Tax
Professionals



What is an Enrolled Agent? An

Enrolled Agent (EA) is a Federally Authorized Tax Practitioner who has technical expertise in the field of taxation and who is empowered by the United States Department of the Treasury to represent taxpayers before all administrative levels of the Internal Revenue Service for audits, collections, and appeals.

Unlike CPAs and attorneys, who may or may not choose to specialize in taxes, **ALL** Enrolled Agents specialize in **taxation**.



How many EAs are there?

Currently, there are over 30,000 “active status” EAs. This number increases by approximately 2,000 each year.



Enrolled Agents are

- bound by Circular 230, which gives them limited client privilege in situations where the taxpayer is being represented in cases involving audits and collections matters.
- subjected to a rigorous background check conducted by the IRS.
- required to complete 72 hours of continuing education to keep them abreast of any and all tax law changes.
- the only tax professionals who receive their right to practice from the United States Government.
- required to demonstrate to the IRS their competence in matters of taxation *before* they represent a taxpayer.
- authorized to appear in place of the taxpayer at the Internal Revenue Service.



Who can become an EA?

Treasury Department Circular 230 contains the rules of practice before the IRS and authorizes the Director of Practice to grant enrollment to any person:

Whose conduct would not justify suspension or disbarment under the provisions of *Circular 230*, and ...

Who is technically competent in tax matters as demonstrated by:

- passing the IRS Special Enrollment Examination (SEE), or
- having a minimum of 5 years of continuous employment with the IRS during which the person regularly engaged in applying and interpreting provisions of the Internal Revenue Code and the regulations relating to income, estate, gift, employment or excise taxes.



Enrolled Agents take a difficult two-day examination administered by the IRS, which covers taxation of individuals, corporations, partnerships, estates and trusts, procedures and ethics.

The SEE is administered annually in late September or early October in cities around the country. It is also offered at seven international sites.

You must complete Form 2587, *Application for Special Enrollment Examination*, and submit it with the exam fee by July 31, 2003 to sit for the exam. Form 2587 becomes available annually on June 1, 2003 and can be obtained from the IRS by calling 1-800-829-3676.



What subjects does the SEE cover?

The 2-day exam has four parts that cover the following areas of tax law:

Part 1 - Individual Income Taxes

Part 2 - Sole Proprietorships and Partnerships

Part 3 - Corporations (including S Corporations),
Fiduciaries, Estate and Gift Tax, and Trusts

Part 4 - Ethics, Recordkeeping Procedures, Appeal
Procedures, Exempt Organizations, Retirement Plans,
Practitioner Penalty Provisions, Research Materials, and
Collection Procedures

The exam contains true/false, multiple choice, and
multiple choice computational problems.

Please note: Calculators and research material
are not allowed in the examination room.



Candidates have 4 years to pass all four parts of the examination. Candidates who pass at least one part of the examination the first year may take the failed parts in the following the year, under the following conditions:

1. Candidates must achieve a score no less than 10% below the minimum passing score(s) set for the part(s) failed in the first year *unless* they pass three of the four parts.
2. Candidates must take *all* failed parts of the examination in the second year, all remaining failed parts in the third year, and all remaining failed parts in the fourth year.
3. Candidates must achieve a score no less than 10% below the minimum passing score in the second and third years in order to try again in the fourth year.



When will I find out if I passed the exam?

Candidates receive formal notification of their exam results about 3 months after the examination date. Typically, 30% of those who sit for the exam pass all four parts.



Once notified that I passed, am I automatically an EA?

No. Successful candidates will receive Form 23, *Application for Enrollment to Practice Before the Internal Revenue Service*, with their exam results. This application must be completed and submitted along with the application fee within 1 year from the date on the notification letter.

Each application is investigated by the IRS to determine whether the statements made are correct and whether facts or circumstances exist that reflect unfavorably on the candidate. This procedure takes from 4 to 6 months, after which the candidate receives notification of acceptance or rejection. Each applicant whose investigation is satisfactory will become an EA and will be issued an enrollment card and certificate.



If my application for enrollment is rejected, can I appeal?

The Director of Practice, after denying an application for enrollment, will inform the applicant of the reason(s). Within 30 days after receipt of a notice of denial, the applicant may file a written appeal, together with any reasons that support his/her position, to the Secretary of the Treasury. A decision on the appeal will be rendered by the Secretary of the Treasury as soon as possible.



Now, some sample questions...

How did you do?

You can find all the questions (and the answers) at www.irs.gov - tax professionals – enrolled agents.